

RECORDATION NO. 24023-F FILED

SEP 30 '02

1-02 PM

SURFACE TRANSPORTATION BOARD

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OF COUNSEL
URBAN A. LESTER

September 30, 2002

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Termination of Security Interest, dated as of September 26, 2002, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage which was previously filed with the Board under Recordation Number 24023-C.

The names and addresses of the parties to the enclosed document are:

Borrower:	Babcock & Brown Rail Funding LLC 599 Lexington Avenue New York, New York 10022
Secured Party:	Bayerische Hypo-Und Vereinsbank AG, as Agent FPA 4 Lease/Asset Finance Am Tucherpark 1 (FPA) 80538 Munich Germany

Mr. Vernon A. Williams
September 30, 2002
Page 2

A description of the railroad equipment covered by the enclosed document is:

One hundred and thirty (130) aluminum rapid discharge open top hopper railcars: FLCX 200300 – FLCX 200429 inclusive.

A short summary of the document to appear in the index is:

Termination of Security Interest.

Also enclosed is a check in the amount of \$30.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

SEP 30 '02

1:02 PM

TERMINATION OF SECURITY INTEREST

SURFACE TRANSPORTATION BOARD

THIS **TERMINATION OF SECURITY INTEREST** (this "**Termination**") is made this 30th day of September, 2002 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "**Borrower**") and **BAYERISCHE HYPO- UND VEREINSBANK AG**, as agent for the banks under the Credit Agreement (the "**Agent**"). Capitalized terms used in this Termination and not otherwise defined herein shall have the meanings in the Credit Agreement (as defined below).

WHEREAS, the Borrower, the banks party thereto and the Agent are parties to that certain Credit Agreement (the "**Credit Agreement**") dated as of December 1, 2000;

WHEREAS, the Borrower and the Agent are parties to that certain Security Agreement dated as of December 1, 2000 (the "**Original Security Agreement**"), as supplemented by Security Agreement Supplement No. 1 dated December 19, 2000 ("**Security Agreement Supplement No. 1**"), Security Agreement Supplement No. 2 dated as of June 29, 2001 ("**Security Agreement Supplement No. 2**"), Security Agreement Supplement No. 3 dated as of March 28, 2002 ("**Security Agreement Supplement No. 3**"), Security Agreement Supplement No. 4 dated as of April 30, 2002 ("**Security Agreement Supplement No. 4**"), Security Agreement Supplement No. 5 dated as of June 28, 2002 ("**Security Agreement Supplement No. 5**"), Security Agreement Supplement No. 6 dated as of July 25, 2002 ("**Security Agreement Supplement No. 6**"), Security Agreement Supplement No. 7 dated as of July 26, 2002 ("**Security Agreement Supplement No. 7**") and Security Agreement Supplement No. 8 dated as of August 14, 2002 ("**Security Agreement Supplement No. 8**"; together with the Original Security Agreement, Security Agreement Supplement No. 1, Security Agreement Supplement No. 2, Security Agreement Supplement No. 3, Security Agreement Supplement No. 4, Security Agreement Supplement No. 5, Security Agreement Supplement No. 6 and Security Agreement Supplement No. 7, collectively, the "**Supplemented Security Agreement**");

WHEREAS, the lien and security interest created in favor of the Agent with respect to the Units and Qualifying Leases described in Security Agreement Supplement No. 1 were terminated and released pursuant to that certain Termination of Security Agreement dated May 29, 2001 ("**Termination No. 1**") between the Borrower and the Agent, which Termination No. 1 was duly filed for recordation with the Surface Transportation Board ("**STB**") pursuant to 49 U.S.C. Section 11301 on May 29, 2001 at 4:39 p.m. and given Recordation Number 23285-A;

WHEREAS, the lien and security interest created in favor of the Agent with respect to the Units and Qualifying Leases described in Security Agreement Supplement No. 2 were terminated and released pursuant to that certain Termination of Security Interest dated October 10, 2001 ("**Termination No. 2**") between the Borrower and the Agent, which Termination No. 2 was duly filed for recordation with the STB pursuant to 49 U.S.C. Section 11301 on October 10, 2001 at 1:28 p.m. and given Recordation Number 23541-A;

WHEREAS, the lien and security interest created in favor of the Agent with respect to the Units and Qualifying Leases described in Security Agreement Supplement No. 3 were terminated and released pursuant to that certain Termination of Security Interest dated May 9, 2002 ("**Termination No. 3**") between the Borrower and the Agent, which Termination No. 3

[Termination of Security Interest]

was duly filed for recordation with the STB pursuant to 49 U.S.C. Section 11301 on May 9, 2002 at 1:50 p.m. and given Recordation Number 22919-A;

WHEREAS, the lien and security interest created in favor of the Agent with respect to the Units and Qualifying Leases described in Security Agreement Supplement No. 4 were terminated and released pursuant to that certain Termination of Security Interest dated May 9, 2002 ("**Termination No. 4**") between the Borrower and the Agent, which Termination No. 4 was duly filed for recordation with the STB pursuant to 49 U.S.C. Section 11301 on May 9, 2002 at 1:55 p.m. and given Recordation Number 23961-A;

WHEREAS, the lien and security interest created in favor of the Agent with respect to the Units and Qualifying Leases described in Security Agreement Supplement No. 5 were terminated and released pursuant to that certain Termination of Security Interest dated September __, 2002 ("**Termination No. 5**") between the Borrower and the Agent, which Termination No. 5 was duly filed for recordation with the STB pursuant to 49 U.S.C. Section 11301 on September __, 2002 at __.m. and given Recordation Number _____;

WHEREAS, the lien and security interest created in favor of the Agent with respect to the Units and Qualifying Leases described in Security Agreement Supplement No. 6 were terminated and released pursuant to that certain Termination of Security Interest dated September __, 2002 ("**Termination No. 6**") between the Borrower and the Agent, which Termination No. 6 was duly filed for recordation with the STB pursuant to 49 U.S.C. Section 11301 on September __, 2002 at __.m. and given Recordation Number _____;

WHEREAS, the lien and security interest created in favor of the Agent with respect to the Units and Qualifying Leases described in Security Agreement Supplement No. 7 were terminated and released pursuant to that certain Termination of Security Interest dated September __, 2002 ("**Termination No. 7**") between the Borrower and the Agent, which Termination No. 7 was duly filed for recordation with the STB pursuant to 49 U.S.C. Section 11301 on September __, 2002 at __.m. and given Recordation Number _____;

WHEREAS, the Supplemented Security Agreement created a lien and security interest in favor of the Agent in and to the Units and the Qualifying Leases (each as defined in the Supplemented Security Agreement);

WHEREAS, the Borrower and the Agent are parties to that certain Memorandum of Mortgage dated as of August 14, 2002 (the "**Memorandum of Mortgage**");

WHEREAS, the Memorandum of Mortgage was duly filed for recordation with the STB pursuant to 49 U.S.C. Section 11301 on August 14, 2002 at 2:31 p.m. and given Recordation Number 24023-C; and

WHEREAS, the Borrower and the Agent now desire to terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 8 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, and to record such termination and cancellation with the STB.

[Termination of Security Interest]

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Agent, intending to be legally bound, agree as follows:

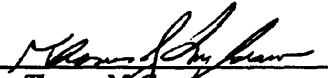
1. The Borrower and the Agent hereby terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 8 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, effective as of the date this Termination is filed with the STB (the "**Effective Date**"), and the Borrower and the Agent hereby agree that no rights, duties or liabilities under the Supplemented Security Agreement in relation to the property described in Schedule I to Security Agreement Supplement No. 8 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, shall survive such termination and cancellation of the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 8 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, except with respect to acts, events, or omissions under the Supplemented Security Agreement occurring on or prior to the Effective Date and indemnities with respect to such acts, events or omissions.
2. The Borrower and the Agent agree to record this Termination with the STB so as to release any security interest in and mortgage lien upon the property described in Schedule I to Security Agreement Supplement No. 8 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, created by or arising out of the Supplemented Security Agreement.
3. This Termination may be executed in any number of counterparts, each executed counterpart constituting an original but all together constituting only one and the same agreement.
4. This Termination shall be governed by and construed in accordance with the laws of the State of New York and is being delivered in the State of New York.

* * *

[Termination of Security Interest]

IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: 
Name: Thomas McGraw
Title: Vice President

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not in its individual
capacity except as expressly provided herein, but
solely as Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

[Termination of Security Interest]

STATE OF _____)

) SS:

COUNTY OF _____)

On this 24 th day of September, 2002, before me personally appeared Thomas McGraw, to me personally known, who, being by me duly sworn, says that he is Vice President of Babcock & Brown Rail Funding LLC and that the foregoing Termination of Security Interest was signed on behalf of said corporation. Further, he acknowledged that the execution of the foregoing Termination of Security Interest was the free act and deed of said corporation.

Jennifer Moreno
Notary Public

(NOTARIAL SEAL)

My Commission Expires:

1/24/2006

Jennifer Moreno
Notary Public, State of New York
No. 0606096346
Qualified in Queens County
Commission Expires January 24, 2006

[Termination of Security Interest]

IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: _____
Name:
Title:

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not in its individual
capacity except as expressly provided herein,
but solely as Agent

By: Stef Niggel
Name: STEFAN NIGGEL
Title: MANAGING DIRECTOR

By: Martin Vobies
Name: MARTIN VOBIES
Title: VICE PRESIDENT

[Termination of Security Interest]

STATE OF NEW YORK)

) SS:

COUNTY OF NEW YORK)

Subscribed to me on this 25th day of September, 2002 by Stefan Niggli, Managing Director of Bayerische Hypo- und Vereinsbank AG and Martin Tobies, Vice President of Bayerische Hypo- und Vereinsbank AG.

Annette Bunzel
Notary Public

(NOTARIAL SEAL)

My Commission Expires:

April 30, 2003

ANNETTE BUNZEL
Notary Public, State of New York
No. 24-4800660
Qualified in Nassau County
Certificate Filed in New York County
Commission Expires April 30, 20 03

**Exhibit I to
Termination of Security Interest**

EQUIPMENT

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	130	2002	4300 cu. ft. aluminum rapid discharge open top hopper cars with rotary couplers (Johnstown America Autoflood II)	FLCX 200300 – 200429, inclusive	None.

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

Lease # 1

Master Car Lease Agreement dated as of June 26, 2002, entered into by and between Babcock & Brown Rail Funding LLC (as assignee of Flex Leasing Corporation), as lessor, and FirstEnergy Generation Corp., as lessee.

Schedule No. 02 to Master Car Lease Agreement dated as of June 26, 2002, entered into by and between Babcock & Brown Rail Funding LLC (as assignee of Flex Leasing Corporation), as lessor, and FirstEnergy Generation Corp., as lessee.

Memorandum of Lease of Railcars [FLC] dated as of August 14, 2002 between Babcock & Brown Funding LLC, as lessor, and FirstEnergy Generation Corp., as lessee.

Railcar Marks Management Agreement [FLC] dated as of June 28, 2002, between Flex Leasing Corporation and Babcock & Brown Rail Funding LLC.

CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy of a Termination of Security Interest with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: September 30, 2002

Edward M. Luria

Edward M. Luria